



Napa County

Board Agenda Letter

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Board of Supervisors

Agenda Date: 6/15/2021

File ID #: 21-507

TO: Board of Supervisors
FROM: Steven Lederer, Director of Public Works
REPORT BY: Leigh Sharp - Deputy Dir. of PW - General Services x8321
SUBJECT: Acknowledge Assignment of Old Sonoma Road Purchase and Sale Agreement

RECOMMENDATION

Director of Public Works requests approval of and authorization for Chair to sign Seller Acknowledgement to Assignment and Assumption of Napa County Purchase and Sale Agreement No. 210350B (Agreement) for purchase of County surplus property located at 2344 Old Sonoma Road, acknowledging assignment of Agreement from SN Management Corp. to Napa Community Real Estate Fund LP, with all other terms of the Agreement remaining the same.

EXECUTIVE SUMMARY

On May 4, 2021, County (Seller) and SN Management Corp. (Buyer or SNMC) entered into Purchase and Sale Agreement No. 210350B for 2344 Old Sonoma Road (Property). On June 3, 2021, County received notification from Buyer that Buyer had assigned all of its rights, title, and interest in and to the Agreement to Napa Community Real Estate Fund LP (Assignee or NCREF). Although Buyer asserts that no consent of the Seller is required for the transfer of the Agreement, they are asking that County acknowledge Assignee as the "Buyer." While staff does not wholly agree with the assertion that County's consent to the assignment is not required, staff is nevertheless supportive of the assignment and requests the Board acknowledge the assignment for the reasons discussed below.

Approval of the requested action acknowledges NCREF as the "Buyer" under the Agreement and states that Property will be conveyed to them upon closing under the Agreement, with no modification in any respect of any of the provisions of the Agreement, which remain in full force and effect.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact? Yes

Is it currently budgeted?	No
Where is it budgeted?	Revenue will be received from proceeds of the sale.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Other than assigning the Purchase and Sale Agreement to a new Buyer, Napa County Real Estate Fund LP, no terms or performance timelines of the Purchase and Sale Agreement are being modified, and all of County's rights and obligations remain in effect. Acknowledging the assumption provides the Assignee with the County's approval to the assignment and facilitates sale of the Property.
Is the general fund affected?	Yes
Future fiscal impact:	Sale of Property will be complete in FY 2021-22.
Consequences if not approved:	Sale of Property may not be completed.
County Strategic Plan pillar addressed:	Choose an item.
Additional Information	Click or tap here to enter text.

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: Final Environmental Impact Report ("EIR") has been certified for the HHSA Campus Project (State Clearinghouse # 2011112008) in compliance with CEQA, the State CEQA Guidelines, and local procedures for implementing CEQA. The proposed surplus sale of the HHSA campus was analyzed in the EIR and Addendum thereto. Additionally, sale of the existing HHSA campus as surplus property would qualify for a Class 12 categorical exemption (see Class 12 -"Surplus Government Property Sales" at 14 CCR Section 15312). The EIR and Addendum are on file and are available for review in the Planning, Building, and Environmental Services department or by visiting <https://www.countyofnapa.org/784/Napa-HHSA-Campus-Final-EIR>.

BACKGROUND AND DISCUSSION

On May 4, 2021, as a result of a request for proposals process where SNMC was the sole bidder, County and SNMC entered into Purchase and Sale Agreement No. 210350B (Agreement) for 2344 Old Sonoma Road (Property). Key terms of the Agreement included a purchase price of \$7.5 million and a commitment to construct at least 15% affordable housing. Additional financial terms included a deposit in the sum of \$250,000, which was received on April 20, 2021, and release of \$25,000 "Earnest Money" to the County from the deposit on June 3, 2021 (30 days from Agreement execution), which was released as scheduled.

In addition to release of the "Earnest Money" to the County on June 3, SNMC at that time also notified Napa County that it had assigned all of its rights, title and interest in the Purchase and Sale Agreement for the Property to a newly formed entity called Napa Community Real Estate Fund LP (NCREF). NCREF will be working with SNMC to facilitate closing of property acquisition of the Property and will be partnering with Heritage Housing Partners (HHP) as development manager in future development of the Property. HHP was founded in 1998 with a mission to strengthen neighborhoods through affordable home-ownership. HHP is based in Pasadena, California and focuses on adaptive re-use of historic properties and compatible development

of for-sale affordable housing units. Further information about HHP and examples of projects they have developed are available at <http://www.hhphousing.org>.

In addition to partnering with SNMC and HHP, Napa Community Real Estate Fund has three principals: Michael A. Williamson, Charles E. Loveman, and Richard Lara. Mr. Williamson was a co-founder of HHP in 1998 and its vice-president of development. He is a practicing attorney with 29 years of experience in affordable housing, finance and tax, and is chair of the real estate department of West Coast law firm Buchalter PC. Mr. Loveman has been Executive Director of HHP since 2001 and has led the organization in developing multiple award-winning projects in Pasadena, Glendale, Monrovia, and South Pasadena. Richard Lara is the owner and president of RAAM Construction, a full-service general contracting company with a specialty in building, high quality, multi-family and condominium developments with a particular focus in the low-income housing sector.

NCREF's stated vision for the Property is a mixed income project, with for-sale and rental units consisting of new construction single-family homes, town-homes, and stacked flat units together with rehabilitation of the three National Register listed historic buildings to bring them up to 21st century standards while respecting their historic importance. NCREF is fully away of the 15% affordability requirement for the site and their vision for the site has incorporated those affordability elements into their initial planning. In addition, if additional County or other subsidy sources were available for the project, NCREF has stated that they would welcome the opportunity to increase the number of affordable, moderate, and work-force income housing units within the project.

Lastly, based on the financial strength of its principals, NCREF has obtained a Letter of Intent from a respected financial institution to finance the majority of the acquisition cost of the project and will self-fund the balance with principals' and third party equity. To date, working with SNMC, NCREF partners have invested substantial time and resources into the initial site and project due diligence and, provided the balance of site and project due diligence is satisfactory, NCREF anticipates a timely and successful closing. Per the Purchase and Sale Agreement, the closing would be on September 16.

Other than substituting the buyer by assignment, no terms of the Purchase and Sale Agreement are being modified through signing of the proposed Seller Acknowledgement to Assignment and Assumption, and all of County's rights and obligations remain in effect. The assignment in no way changes the performance timelines.

Staff is supportive of the assignment because it appears that NCREF has the experience, qualifications, and financial resources necessary to successfully acquire the Property and construct a project consistent with the interests of the community while meeting the terms of the Agreement.